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(Revised)

February 17, 1942

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SECRET

SPECIAL MEMORANDUM

No. EC-15a

WORMS ET CIE.

(Revised)

Prepared by the

Economics Division
Office of the Coordinator of Information

February 17, 1942

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SUMMARY

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ECONOMICS DIVISION

SPECIAL MEMORANDUM

No. EC- 15a

The French banking and industrial firm of Worms et Cie. now serves as the focus for a group of men who wield great power in the Vichy government, hold many of its vital posts and are using this power to protect their own business interests and to collaborate to a full degree with the Germans. This group, bound together by similar reactionary ideas, by ties of marriage and by common industrial connections, includes men linked in many ways to British and American business and to German business. The members of the group may be expected to seek their own protection in the event of an Allied or of a German victory and to use their wide international relations for the benefit of whichever side seems to be prevailing. They would particularly be likely to work for a negotiated peace which would bar any reorganization of Europe along liberal lines and would leave them in possession of their financial, industrial and political authority. Especially in their ability to force on the Vichy government a greater and greater degree of collaboration, and in their ability to use British and American connections for such purposes as the Nazis may require, they constitute a threat to Allied success.

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ECONOMICS DIVISION

SPECIAL MEMORANDUM NO. EC-15a

WORMS ET CIE.
(Revised)

With the French banking and industrial firm of Worms et Cie. as a focus, there has gathered a powerful group of men who have assumed a controlling role in the Vichy government* and who are willing that their extensive domestic industrial facilities and wide international connections should be used to further German ends. The present memorandum sets forth all that has thus far been uncovered concerning this group and suggests further avenues of investigation.

I. The Firm and the Group.

The firm of Worms et Cie.** has its principal offices at 43, Boulevard Haussmann, Paris. Its announced activities are as "bankers, shipowners, coal merchants, shipbuilders." They also extend to aviation, petroleum and public utilities. The firm owns the Ateliers et

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* A list of the members of the Worms group and their official positions is given in Appendix A.

** Not to be confused with Banque A. Worms et Cie., also a private bank, 26, Rue Grange-Bateliere, M. Edouard-Raphael Worms of Banque A. Worms et Cie. has been (1937) a director of: Rizeries d'Extreme-Orient; Rizeries indochinoises; Societe des grands travaux en beton; Societe commerciale francaise de l'Indo-Chine. At this period he was also president of the Grande Maison de blanc de Paris. The firm also controlled the Paris daily Petit Bleu.

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Chantiers de la Seine Maritime, with headquarters for shipbuilding at La Traite and for navigation at 138, Boulevard de Strasbourg, Le Havre (both Seine-Inferieure). Before the armistice it had some 20 ships at its command. Through its partners and persons close to them it has connections with more than 30 of the most powerful banking and industrial firms in France and the colonies as well as foreign connections in England and North and South America.

Its correspondents abroad are: in London, Lazard Brothers and Co.,Ltd., M. Samuel and Co., Westminster Bank and Hambros Brothers; in New York, Brown Brothers Harriman and Co. and the Guaranty Trust Co. It has connections of varied intimacy with Lazard Freres, Royal Dutch Shell, the Banque Morgan and British and Swedish financial circles. It is believed that the firm was represented in Montreal through Parimontal, Ltd. A fuller discussion of the international operations of Worms et Cie. and associated companies and individuals is given separately in Section II.

The firm was established in 1848. It is now nominally headed by Hypolite Worms, the family heir. The known

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partners, in addition to Worms, are Mathieu Goudchaux* and Jacques Barnaud. Gabriel LeRoy-Ladurie is a director. Employed by or closely associated with Worms et Cie. are Pierre Meynial, Robert Labbe, and Pierre Pucheu. There are, in addition, a number of men not officially connected with Worms et Cie. but close to the company and its men. Most have been or are of more or less political prominence and power in French official, industrial and financial life, and have worked with Worms et Cie. in numerous matters where bankers and politicians were able to be of advantage to each other.

It is believed that, rather by sincere conviction than by sinister design, the six men at the core of Worms et Cie. (MM. Worms, Meynial, Labbe, Pucheu, LeRoy-Ladurie and Barnaud) have formed two divergent wings within the company. One, which includes MM. Worms, Meynial and Labbe, is sympathetic to the English and to an Allied victory. The other, which includes MM. Pucheu, LeRoy-Ladurie and Barnaud, admires German efficiency and is not inimical to a Nazi victory and the organization of the Continent under German leadership. Of necessity, the former wing has since Compiegne become less active and less important, while the latter is in the ascendant and

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* As indicated below, we believe Goudchaux has been dropped by Worms et Cie.

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exercises an influence at Vichy which it is difficult to exaggerate.

This divergence should not be taken as evidence that the two branches of Worms et Cie. are wholly at loggerheads. It is believed that the affairs of Worms et Cie. as a business firm continue, but that the three men of collaborationist tendencies are in addition politically active, are serving to protect the business interests of all, and might give way to the pro-Allied wing should the German position on the Continent weaken.

Below are presented all the presently available biographical details concerning the individuals involved. First are given those of the men sympathetic to the Allies, the group within Worms et Cie. now believed to be politically inactive and to lean toward an Allied victory; then those of the group within Worms et Cie. now powerful politically in the Vichy government and favoring collaboration with Germany in expectation of a new European order; and finally those of the industrialists and politicians who have from time to time worked in association with Worms et Cie. The close interrelations of all the individuals by common business training and interests, ties of marriage and community of ideas are to be noted.

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Hypolite Worms, the head, at least nominally, of Worms et Cie., is the descendant of a family of Jewish converts to Catholicism. He is a director of the Societe Francaise d'enterprises de dragages et de travaux publics. This firm, of which Paul Baudouin is the president, has extensive interests in Indo-China and West Africa. Worms was French head of the permanent Anglo-French executive committee for maritime transport which met at London until the armistice.* He married a member of the Lewis-Morgan family. It does not appear that Worms takes any public part in French politics.

Robert Labbe, a younger man employed by Worms et Cie., is the son of a well-known lawyer of the Conseil d'Etat and the Cour de cassation. Labbe pere organized a training school for lawyers seeking to be admitted to practice before the Conseil. The younger Labbe was before the war undersecretary of National Economy, a post which he resigned to fight in the early part of the struggle. He was relieved of active service to join the permanent Anglo-French executive committee for maritime transport headed by Worms. He returned to France and to the employ of Worms et Cie. at the

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* This was an informal committee, of which Worms was the head of the French delegation and Sir Cyril Hurcomb of the English. Subordinate to Worms were MM. Labbe and Meynial (for whom see below) and subordinate to Hurcomb were Mr. F. A. Griffith and Mr. T. G. Jenkins. No minutes were kept of the meetings, the aim being simply to co-ordinate the French and British shipping activities.

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fall of France. He is believed to be generally pro-British in sympathies. He married Marie Goudchaux, daughter of Mathieu Goudchaux, Worms et Cie. partner, (for whom see below). His mother is Jewish. He is now politically inactive.

Pierre Meynial, also one of the younger employees of Worms et Cie., is a graduate of the Ecole des sciences politiques. He has held minor government posts and contributed to the Revue economique et politique, especially with reference to politics in the United States, which he has visited, and to international bank balances, which he annually estimated. He left government service to work for Worms et Cie. Like Labbe, he served with Worms on the Anglo-French maritime transport committee, is believed to be sympathetic to the Allies and is now more or less in retirement. Worms, Labbe and Meynial are all believed now to be living in Paris. He is related to Worms by marriage.

The three Worms et Cie. men of collaborationist tendencies and now politically powerful are:

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Jacques Barnaud, partner of Worms et Cie. He is the company's legal representative and handles the firm's business with the Royal Dutch Shell. He has been an Inspecteur des Finances, was in charge of mouvement des fonds under Poincare, was one of the economic advisers to the Blum government and had charge of French purchases in Scandinavia for several months at the beginning of the war. Returning to the Ministry of Finance, he sent several employees of Worms et Cie. to Scandinavia but continued to supervise Scandinavian purchases from Paris. Immediately after the armistice he was director of the cabinet of Rene Belin, Minister of Production and Industry. Subsequently, the Belin post was split in two, Barnaud becoming Commissioner of French-German Economic Collaboration.* Barnaud's title was later raised to Delegate General with the rank and prerogatives of a Secretary of State. He is thought to be one of the active leaders of the Worms group and its principal liaison man. It is said that he is attacked by the Paris press for working in the interests of the capitalist trusts and by Vichy circles who regard him as an ally of Germany. He shares with Paul Baudouin an interest in Catholic theology and doctrinal disputation. Intellectually able and cultured, Barnaud is equally capable of understanding and dealing with Britain and the United States as he is of pursuing an expedient course of collaboration.

Pierre Pucheu, a graduate of the Ecole normale, served first

* Pierre Pucheu, for whom see below, took over the other half of the office under the title of Secretary of Industrial Production.

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under Francois-Poncet in the information service of the Comite des Forges. He was secretary of the Cartel siderurgique (Steel Trust) and a director of Japy Steel, with large metallurgical factories at Beaucort near Belfort. He was placed in the latter position by Worms. He has had a distinguished career in the iron, steel and automobile industries. He was a member of the Croix de Feu and later of the Parti Populaire Francais of Doriot, between whom and the Comite des Forges Pucheu served as intermediary. He later quit Doriot's party in the company of a colleague, Paul Marion, now Secretary-General of Information and Propaganda. Pucheu has not, however, lost touch with Doriot, who continues to back Pucheu in his government career, as does Marcel Deat. Pucheu was probably mixed up in the Cagoulard plot of 1937 and participated in Spanish politics during the Civil War on the side of General Franco. He became, under Petain, Secretary for Industrial Production, and, on 18 July 1941, Minister of the Interior, a post in which he was placed by Admiral Darlan. It is said that he thus forestalled Laval, who had been holding out for an offer of the Ministries of Foreign Affairs and Interior together. At this time Francois Lehideux (for whom see below) succeeded Pucheu as Secretary for Industrial Production. As chief of industrial

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production Puchau was the representative in the occupied areas of prominent steel and banking interests. As Minister of the Interior he has been more publicly vocal that other members of the group. In a speech (23 August 1941) he blamed the Communists for the disorders in the occupied areas and promised them retribution. In an interview in Gringoire (30 October 1941) on the Plans and Prospects of the New French State, he declared that a sense of the community must replace individualism and that there must be a greater distribution of profits! He shares with Bandouin and others of the group a strong Catholic sentiment, and has said that France must retain her Catholicism which will be needed in the New European Order to prevent a struggle between totalitarianism and the Catholic Church. The most revealing remark he has made deserves full quotation:

"It cannot escape any Frenchman that the situation of our country from the point of view of raw material is influenced directly by Franco-German relations. My task (as Secretary of State for Industrial Production) will be to make it understood generally that the interest of the two countries is to permit French industry on a larger scale which will relieve German industry of that much, since it is operating to the extreme limit of its potential." (statement to Paris Soir, 27 March, 1941)

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Late in November, 1941, according to Vichy rumor, Pucheu planned a coup d'etat, in the face of which Darlan and Petain drew together and the plot was apparently shelved. Pucheu is also said to have been concerned with the dismissal, on the 30th of the same month, of General Weygand. Representatives of French heavy industry, with Pucheu's support, demanded that the Germans should be allowed to exploit French North African raw materials. They justified their demand by pointing out that, without these raw materials, French factories would have to close, resulting in wide unemployment. Weygand objected. Petain, impressed by the unemployment threat and fearing outbreaks should such an additional hardship be imposed on the French, tended to yield. With Darlan's complicity, Pucheu pressed the point, resulting in Weygand's resignation.

Pucheu is a brutal political figure of great ambition and little intellectuality. He is overwhelmingly concerned with Continental problems and has little knowledge or understanding of British or American affairs.

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Gabriel LeRoy-Ladurie is a director of Worms et Cie. He is said to be a friend of the Comte de Paris, Reynaud, Renee Desportes, Weygand and other important personages and to have exercised great political effect. He has the reputation of being always close to anyone in power, but never takes a public role, permits his name to appear on boards or committees or otherwise brings himself into the foreground. Like Pucheu, he was first connected with Croix de Feu, but turned to Doriot's Parti Populaire Francaise about 1937. He is credited with having materially furthered Pucheu's political career as well as those of MM. Baudouin, Bouthillier and Lehideux (for whom see below). He is described by Baron Guy de Rothschild as the dominant personality of the Worms group and "very dangerous". Andre Geraud (Pertinax) agrees that LeRoy-Ladurie is the real power in the Worms group. His brother, Jacques LeRoy-Ladurie, is a member of the Conseil superieur economique and wields a preponderant influence at the head of the National Confederation of Agriculture, seeking to organize the peasants for conservative political action.

Associated with the principal figures in the Worms group in varying degrees of intimacy are a number of men, chiefly politicians, some of whom have in the

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past benefitted from favors by the Worms group, some of whom share the collaborationist views of the presently dominant wing of the Worms group, and all of whom are willing to work with the Worms personnel where mutual interests are to be served. To them the Worms group frequently looks for the execution of its political tasks. Among these persons are:

Paul Baudouin, a former Inspecteur des Finances, was later general manager of the Bank of Indo-China, which he also represented on the board of Air-France, of which Jacques Barnaud was also a director. He was also president of the Societe francaise d'enterprises de dragages et de travaux publics, of which Worms was a director.

His directorships include: Compagnie des chemins de fer d'Indo-Chine, Credit foncier de l'Ouest-africaine, Le Nickel, Compagnie des eaux et d'electricite de l'Indo-Chine, Societe indo-chinoise d'electricite, Compagnie francaise de tramways et d'eclairage electrique de Changhai, Societe des salines de Djibouti, de Sfax et de Madagascar.

His political record is extensive: he was financial adviser to the Blum government, but is alleged to have been party to the bankers' conspiracy which con-

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tributed to the fall of that cabinet in 1937; in February, 1939, he served as secret agent in Rome between Georges Bonnet and Ciano concerning an obscure proposal to cede French territory to Italy; under Reynaud he was successively Secretary of the Comite de Guerre, undersecretary to the Premier and undersecretary for Foreign Affairs; under Petain, Minister for Foreign Affairs, in which post he is said to have given the original impetus to the anti-British campaign. He promised the British that the French fleet would never fall into German hands and that the government would move to North Africa rather than capitulate. As late as 17 June 1940 he declared:

> "We are never ready to accept shameful conditions which mean the end of the spiritual freedom of our people. If we are given the choice between resistance and honor, the French army and the French people will know what to do."

By July he was sending protests to London against British efforts to thwart German use of French ports, ships and colonies.

He is strongly pro-Italian. He has written articles (Revue de Paris, 1938, and elsewhere) expressing sympathy for a place in the sun for Germany and Italy, proposing a semi-fascist reorganization of the Republic and indicating a dislike of England. He shared

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with Helene de Portes control of the weak-willed Reynaud. A recent Catholic convert, he is the exponent of his own brand of neo-Catholicism, a blend of mysticism and fascist discipline, which anticipates a Catholic Continental Europe. Barnaud and Pucheu share this view.

Francois Lehideux is the son of Jacques Lehideux, of the banking firm of Lehideux et Cie., known as the financial representative in a semi-secret fashion of certain Catholic officials and their churches. He is the nephew of Roger Lehideux, president of the Banque nationale francaise de commerce exterieure, and associated with the Credit nationale, the Credit lyonnaise and the Banque de Paris et de Pays Bas. Francois Lehideux married the daughter of Louis Renault, motor magnate and one of the most active exponents of collaboration. His sister married Henri du Moulin de la Barthete (for whom see below). Like Puchou, his career has been chiefly in heavy industry. He is Secretary of State for industrial production and national equipment.

Henri de Peyerimhoff de Fontenelle is a leading French industrialist, who has been president of the Comite Central des houilleres de France, honorary president of the Union des Mines, president of the Societe des Mines

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de Dourges, of the Societe Houillere de Sarre et Moselle, of the Societe des Forces Motrices de la Truyere and of the Compagnie des phosphates de Constantine. He was also an administrateur du Credit Nationale. From 1902 to 1907 he was directeur de l'agriculture, du commerce et de la colonisation du gouvernement general de l'Algerie. He was a delegate to the National Economic Conference in 1927 and member of the Comite Consultatif Economique of the League of Nations. He has written, among other publications, "Les formules modernes d'organization economique". Colonial enterprises in which he is known to have an interest include: Societe generale des mines d'Algerie et de Constantine; Societe Algerienne de navigation pour l' Afrique du Nord; Societe Constantinoise d'energie electrique, and Compagnie generale d'electricite.

Yves Bouthillier was Chef de cabinet under the Ministers Francois Pietri and Germain-Martin (1931 and 1932). He also served under Georges Bonnet, and, in 1935, was director of the budget. He is supposed to have been the moving power behind Laval's financial decree-laws. He has also served on the board of the Compagnie generale transatlantique. He is now Minister of National Economy and Finance, an appointment which is said to have been arranged by Ctsse. Helene de Portes, Reynaud's mistress.

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Jean Bichelonne, graduate of the Ecole polytechnique, was subsequently a government mining engineer and became an expert on the exchange of French for German and Belgian ores. He is married to the daughter of a M. Dondelinger, an important steel magnate of northwestern France who is also concerned with the Dutch coal industry. He is a great admirer of German efficiency and is now Secretary General for Industry and Domestic Commerce and a collaborationist.

Henri du Moulin de la Barthete is a former Inspecteur des Finances. He was manager of Banque de l'Afrique Occidentale, Chief of the civil cabinet under Petain, and is married to a daughter of Jacques Lehideux.

Rene Belin was assistant secretary of the Confederation generale du travail during the Blum regime. He had been from 1936 a leader of the pacifist and anti-communist groups. He became Minister of Labor under Petain, a post subsequently altered to Secretary of State for Labor. He approves the reorganization of French unionism along corporative lines and has suggested a labor charter modeled on that of Mussolini. He is known to approve appeasement.

Several of the less important persons related to the Worms group are: Yves le Gorrec, of the Ecole polytechnique, a director of the Compagnie generale pour

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le navigation du Rhin.

Jean Fillipi, another former Inspecteur des Finances, has been general secretary of the Societe nationale des chemins de fer.

Yves Breart de Boisanger*, member of a naval family, was in 1933 chef de cabinet to the Minister of Finance, and at one time a director of the Compagnie generals transatlantique. From 1937 to 1939 he was Under-Governor of the Bank of France, and since the fall of France has been Governor. He is said to form the link between the Bank of France and the Comite des Forges.

It is believed that Jean Berthelot, Secretary of State for Communications, and Henri Lafond, Secretary General for Electric Power, may also be connected with the Worms group.**

According to Baron de Rothschild, Jacques Benoist-Mechin is also close to the Worms group. On information from another source, we believe that Benoist-Mechin was Marion's assistant at l'Information in Vichy, and is now

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* Claude Breart de Boisanger, surely a relative, was until 6 October 1941 in charge of the French Consulate General in San Francisco. He was then appointed head of the diplomatic service staff of the Governor General of Indo-China.

** To give a somewhat clearer picture of the relationships between the men and the companies involved than can be given in a running text, a list is given in Appendix B of the various companies, ministries and the like involved, and the members of the Worms group belonging to each.

Secretary of State acting as intermediary between Vichy and the German representatives in Paris. He was released from a prison camp at the request of Otto Abetz. When the ashes of Napoleon's son were transferred to les Invalides, Abetz said in his speech:

"I thank M. Benoist-Mechin who was the first to have this great idea and M. Laval who carried it through."

Benoist-Mechin is a French Germanist. Before the war he translated the poems of Fritz von Unruh and also wrote the leading French book on the Reichswehr, considered the best exposition of German militarism, the perseverance of the Generals and the ruthlessness with which pan-German plans were executed by the Third Reich.

After his release from prison-camp, he wrote a book, "Moissons 1940", in which he describes, through the war prisoners, the organization of the harvest in occupied France in which he played an important part. He then became an ardent supporter of French-German collaboration and made progress in his career in Paris until he received a position with l'Information in Vichy.

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II. The Worms Group's International Connections.

The picture of the Worms group thus far presented chiefly concerns its affiliations in France and its colonies. But the international connections of the group are equally far-reaching, and, in view of the zealous collaborationist attitude of the active members of the group, of greater significance to us, against whom they may be used.

As might be expected of a firm like Worms et Cie., most of its international connections are with banking correspondents and firms with whom it has been associated in a financial relationship. Of these the closest is with Lazard Freres et Cie., of Paris, London, and New York. Lazard and Worms participated in 1928 in the establishment of the French and Foreign Investment Corp. This company was set up at Quebec with a capital of $12,000,000 Canadian. Those concerned in its foundation were: Ivar Kreuger; Lazard representatives from Paris, London and New York; Dean Jay of the Banque Morgan; Viscount Bearsted of Samuel and Co.; representatives of Vernes et Cie.; and MM. Worms and Bernaud representing Worms et Cie. Under the name FASIC (probably initial letters) this company is reported to have at present financial interests in the United States. Both Lazard

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and Worms et Cie. have interests in the Societe Francaise d'enterprises de dragages et de travaux publics and both are undoubtedly interested in the affairs of the Royal Dutch Shell, the shares of which Lazard marketed in Paris.

Lazard Freres et Cie., established as a commission house in New Orleans in 1848, has banks in Paris, in New York (Lazard Freres and Co.,) and in London (Lazard Brothers and Co., Ltd.). M. Pierre David-Weill of Lazard, was on the board of the Mexican Eagle Oil Co. and the Canadian Eagle Oil Co., both controlled by Royal Dutch Shell.

M. David David-Weill, son of the founder of Lazard and now the oldest and principal partner, represents his firm in shipping enterprises in the Argentine. He may be an American citizen (b. San Francisco, 30 August 1871). He lived at Neuilly and was a regent of the Bank of France, in addition to being very active in numerous artistic and cultural enterprises.

There are also some indications of connection between Worms et Cie. and the Morgan enterprises. As noted, in 1928, both were concerned in the Canadian company, French and Foreign Investors Corp. M. Worms is said to have married one Lewis-Morgan. The Lazard and Morgan firms are closely related.

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According to Baron de Rothschild, Worms et Cie. had a monopoly of Franco-Swedish foreign exchange transactions after the fall of France, which might suggest operations on behalf of the Axis.

Worms et Cie. has as correspondents, beside Lazard, M. Samuel and Co. (Shell Union Oil banking firm), Westminster Bank, and Hambros Bank, all in London; and Brown Brothers Harriman and Co. and the Guaranty Trust Co. in New York.

In 1937 and 1938 Brown, Harriman and Co., Ltd., had dealings in connection with financing a proposed aircraft motor plant in France, to be operated by United Aircraft. The deal ran into political intrigue and sabotage, presumably because French interests opposed American entry into the field. The connection of Worms et Cie. with Air-France has been noted. Nothing, however, is known at present to suggest that any of the relationships between Worms et Cie. and its correspondents were anything more than the normal ones of banking.

The confidential representative in Canada of the Worms group is said by Baron de Rothschild to be Ludwig Rosenthal, Royal Bank Bldg., 360 St. James St. West, Montreal. His company was Parimontal, Ltd. (contraction for Paris-Montreal).

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Both the man and the company have recently changed names. Rosenthal is now by Act of Parliament Lewis V. Randalls. The new company is Eastern Provinces Administration, Ltd., at the same address. It is capitalized at $6,000,000, said to be in highly liquid form, mostly cash or highest grade short and intermediate term securities. The company has asked permission of the Canadian Exchange Control Board to buy into two armament firms in the United States: Holland Engineering Co. and American Electro-Metals. (The latter is controlled by one Patzcheck, a well-known private banker of Prague, now a refugee here.)

Officials of Western Provinces Administration, Ltd. include: Prof. George F. Doriot*/, Harvard School of Business Administration, president; Prof. (emeritus) O. M. W. Sprague, same address, adviser on a retainer; W. H. McLean (last address, Fall, 1941, Soldiers Field, Boston, suggesting Business School connections), a director.

Rosenthal-Randalls is also president of the Canadian-Eastern and Pacific Company, Ltd., understood to be fiscal agents for Swiss interests. He was formerly associated with the Hamburg banking family of Warburg,

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*/ Now Lieut-Col., Ordnance, U. S. Army. We know no evidence of relationship to Fascist leader Jacques Doriot, of the Pari Populaire Francais.

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who were liquidated. He is a German Jew, his mother was killed by the Nazis, and, according to the information of S. R. Noble of the Royal Bank of Canada, is a very able person and unquestionably of bona fides.

Rosenthal-Randalls' connection with Worms et Cie. is confirmed by Mr. Walker of the Canadian Exchange Control Board.

It is also believed that there may still exist a Candian mining firm, Estrellas, with which Worms et Cie. has had close connections in the past.

III. The Aims and Functions of the Worms Group

A sufficient number of actual communities of interest has been presented in the foregoing material to justify advancing the hypothesis of a closely integrated group with a number of common ideas and common purposes. But this hypothesis is not yet sustained in fact; mere interlocking directorates, which may be the expression as well of rivalry as of unity, are not sufficient basis. It is to the beliefs, the doctrines and the aims common to the members of the group that we must go to establish the actuality of a Worms Group.

The most persistent common thread is the policy of reaction. It is believed that to a very large degree

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the individuals concerned have been and are anti-labor, anti-democratic, anti-reform and in favor of fascist collaboration. This is not by any means a sudden post-Compiegne turn of mind. Both the policy and acts based on the policy run far back into the past of many of the Worms group, who had a large measure of effective power in the governments of Chautemps, Daladier and Reynaud as well as in Vichy. Even during the Blum regime the group was powerful and worked with appalling success to negate and eventually to destroy the reform efforts of that administration. It is likely that a few (notably Pucheu) were even concerned in the Cagoulard plot of 11 September 1937 to overthrow the Republic.

The aim of such a policy was, of course, to protect the wide financial and industrial interests of the group. This, through all the pendulous history of modern France, right or left, they have succeeded in doing.

In this connection the leading (though invisible) role of the great French private banks in that country's business and politics should be emphasized. In recent years the operations of these banks have reflected the decline of France to a secondary position in world affairs. Thus not only were the French banks con-

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ters of political intrigue in France, but they also tended to become instruments for the domination of industry and politics by the great international trusts and for various agencies of foreign governments. Lazard, for instance, seems to have been of major assistance in promoting the flight of capital from France since 1936.

Other ideas run through some but not all of the group. There is, for instance, the neo-Catholicism of Barnaud, Baudouin and Pecheu which sees the destiny of the new France tied to the Cross as well as to the Fasces.

Also common to many of the group is association with the Ministry of Finance, which suggests speculation in two directions: one, that the Worms group was always able to place its own men in that branch; and, two, that men with similar training and professional background would more or less naturally fall into a group professing common ideas.*

The ideas of the group, then, may be said to be cohesive within limits, one of the limits, of course, being the general unreliability of most of the members. Persons like Pucheu, Baudouin and, probably LeRoy-Ladurie

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* That a number of members of the group are on close social terms is indicated by the report of Baron de Rothschild that, when the wives of MM. LeRoy-Ladurie, Barnaud, Benois-Mechin, Pucheu, Worms and Meynial were evacuated from Paris, the men all lived together in LeRoy-Ladurie's apartment and invariably ate together in a small restaurant, nicknamed "La Popote Worms".

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would hold power more tenaciously than convictions, and it is in the concept of a group determined to protect and advance its interest by the possession and exercise of political and economic power that the Worms group finds its greatest claim to unity.

The manner in which the group functions, since it is of necessity devious, is not wholly clear from what is now known. The political technique of the group seems to be that of backroom intrigue and influence through control of financial and industrial interests rather than through the establishment of a definite political party. This is natural, since the development of an integrated political movement, even in France where the memory of a man's politics is short, might rather more hinder than help a group ready to swallow any doctrine in order to preserve its own interests. It would appear rather to be a stable element distributing political power through all the shifting tides of France's swiftly changing officialdom.

The group does possess tangible power through the placement of at least six of its members in high posts at Vichy, and others in lesser positions of considerable influence, both in unoccupied and in occupied

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France. Particularly worthy of note is the presence of Pucheu in the Ministry of the Interior, where he is in control of the police, and able not only to protect the group but also to stifle any opposition and to check any anti-capitalist action which Petain might take.

Its power is indicated by the attacks launched against the Worms group by "L'Action Francaise", itself of considerable weight at Vichy. The newspaper is jealous of the Worms group and seeks to eliminate it. The Paris press, under German control, has often attacked Worms et Cie. under the pretext of anti-capitalism, but whether these attacks are dictated by political prejudice, pressure from an unknown source or simple blackmail is not known at present.

It is reported that, in July, 1941, a series of rumors was afoot in Vichy regarding police investigations, searches and the like which were to have resulted in some hundred arrests, including several ministers and others described as members of the Worms group. The matter was abruptly cut short, and actually resulted in the appointment of Pucheu as Minister of the Interior. If the rumors were correct, this surely indicates that the Worms group has the power to defend itself.

But even with the dominating power at Vichy

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in its hands, the group could not make headway in present-day France without practising the most thoroughgoing collaboration with the Germans. This requires it to throw its full weight into the struggle for a Nazi victory. There is reason to believe, however, that the group hopes military developments will be such as to open the way to a negotiated peace, which would protect the group's British and American interests, and it may be expected to bend its efforts to this end, either with Nazi encouragement or without it.

In this connection it may be noted that a firm like Worms et Cie., with a dominant collaborationist wing and a dormant pro-Allied wing, is in a peculiarly central position to take advantage of whatever shifts of fortune the military developments of the war may bring. It is believed that, should the German position on the Continent be weakened, the now inactive wing headed by Worms would emerge with new power, and, through its relations on the one hand with British and American interests, and on the other with high German circles, would serve as an ideal go-between to achieve a negotiated settlement.

Whether the war were to end in an actual victory by either side or in a negotiated peace, it is sure that the Worms group will be principally concerned with protecting its business interests and in preserving its political power as a means to this end. This would naturally require

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the suppression or at the least the alleviation of any tendency to move the pattern of Continental affairs to the left or to deprive the banking-industrial clique of its predominance.

This being true, collaboration with Germany, now perhaps simply a modus vivendi, might become for the Worms group a basic tenet if it should become convinced that the sort of world resulting from an Allied victory would be militantly liberal and might limit reactionary powers such as the group now possesses.*/

If the Germans are willing to suffer the Worms group to hold a reasonably full measure of power in the affairs of France, we may be sure they are extracting a valuable quid for this quo. There are, after all, other groups which would be equally eager to offer full collaboration in exchange for protection and domestic power. The great majority of French bankers and industrialists have favored collaboration with the Nazis for years.

The usefulness of the Worms group to the Germans lies, it would seem, in three directions. First, the group

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*/ In this direction a growing rapprochement between England and Russia, the general liberalization of the English social structure and similar tendencies in the United States might become sufficiently strong to transform the collaborationist attitude of the Worms group from a temporarily strategic maneuver into an established doctrine.

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controls industrial facilities which are of vital importance to the Germans in the prosecution of the war. Second, the extensive international connections of the Worms group and the likely possession of large assets abroad would furnish the Germans with means of political intrigue, espionage, evasion of Allied exchange restrictions and of the Allied blockade on strategic materials.

In this connection the statement to Mr. Samuel Klaus by Mr. Rene Pleven that much of the Vichy propaganda in the United States was being paid for through Worms et Cie. lends credence to this view. The fact that it is a Jewish firm makes it an even better front.

In the third place, the financial and industrial interests controlled by the Worms group will be essential to the construction of the New European Order envisioned by the Nazis, and the group would, by reason of its links abroad, provide an ideal avenue between European and Anglo-American industry and finance, along which steps toward a post-war reconstruction favorable to Germany might proceed.

The dangers to the Allied cause which may materialize through Worms et Cie. and the group surrounding it justify the most thorough investigation of the organization with particular reference to its affairs in the Far East, England, North and South America.

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APPENDIX A

Government Posts Presently Occupied by Worms Group Members

Minister of the Interior	Pierre Pucheu
Minister of National Economy and Finance	Yves Bouthillier
Secretary of State for Industrial Production & National Equipment	Francois Lehideux
Secretary of State for Communications	Jean Berthelot
Secretary of State for the Presidency of the National Council	Jacques Benoist-Mechin
Secretary General for Industry and Domestic Commerce	Jean Bichelonne
Secretary General for Electric Power	Henri Lafonde
Delegate for Economic Franco-German Relations (with rank and prerogatives of Secretary of State).	Jacques Barnaud
Governor, Bank of France	Yves Breart de Boisanger
Secretary of State for Labor	**Rene Belin**

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APPENDIX B

(No category shown unless more than one member belongs)

P. equals partner

D. equals director
Ins. equals inspecteur
M. equals minister
R. equals regent

D.Cab, equals directeur de cabinet.
Gov. equals governor
Sec. equals secretary
Pres. equals president

Category	Persons
Worms et Cie.	H. Worms, P. M. Goudchaux, P. J. Barnaud, P. G. LeRoy-Ladurie, D. J. Benoist-Mechin P. Pucheu Pierre Meynial Robert Labbe L. Rosenthal, Canadian representative.
Societe francaise d'enterprises de dragages et de traveaux	H. Worms, D. P. Baudouin, Pres. Lazard Freres
Air-France	J. Barnaud, D. P. Baudouin, D. (representing Banque d'Indo-Chine)
Credit lyonnaise	R. Lehideux H. de Peyerimhoff de Fontenelle
Credit nationale	H. de Peyerimhoff de Fontenelle, D. R. Lehideux, D.
Bank of France	D. David-Weill, R. Y. Breart de Boisanger, Gov.
Eastern Provinces Administration	L. Rosenthal G. F. Doriot O. M. W. Sprague W. H. McLean

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Compagnie generale trans-atlantique	Y. Bouthillier, D. Y. Breart de Boisanger, D.
French and Foreign Investment Corp.	J. Barnaud H. Worms I. Kreuger D. Jay (Morgan) V. Bearsted (Samuel) Lazard Freres Vernes et Cie.
Royal Dutch Shell	J. Barnaud (representing Worms) P. David-Weill " Lazard) M. Samuel & Co. (bankers)
Ministry of Finance	J. Barnaud, Ins. Y. Bouthillier, Ins., now M. P. Baudouin, Ins. H. de la Barthete, Ins. J. Fillipi, Ins.
Ministry of Production and Industry	R. Belin, M. J. Barnaud, D. Cab. P. Pucheu, Sec. F. Lehideux, Com. for French-German Collaboration
Croix de Feu	P. Pucheu G. LeRoy-Ladurie
Parti Populaire Francais	P. Pucheu G. LeRoy Ladurie

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[redacted]

The dominant group in the Vichy government consists of a clique of bankers, industrialists, and politicians connected with the old banking and industrial firm of H. Worms et Cie. The interests of the House of Worms include banking, ship-yards, shipping lines, and coal importing, and they also extend to aviation, petroleum, and public utilities. The Worms group have extensive and long-established connections with British and American interests. The nature of these connections will be shown below.

The Worms group has succeeded in putting its people in the key government positions at Vichy. The most important of them are the following:

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Paul Baudoin, Foreign Minister

Pierre Pucheu, Minister of the Interior

Jacques Barnaud, Minister for Franco-German Economic Collaboration

François Lehideux, Minister of Production

Yves Bouthillier, Minister of Finance

Jean Berthelot, Minister of Communications

René Belin, Minister of Labor

Jean Bichelonne, Secretary General for Industry and Domestic Commerce

Henri Lafond, Secretary General for Elective Power

The Worms group follows a policy of collaboration with Germany in economic and political matters. In return the group hopes to be able to protect its principal economic and political interests. The domestic policies of the group are essentially reactionary, anti-labor, and anti-democratic. It is interesting to note that neither in policy nor in personnel does the Worms group constitute so sharp a break with the past as might be

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imagined. Thus Paul Baudoin was an important figure in the Reynaud government, and before that he was a financial adviser to the People's Front government of Leon Blum. In general it may be said that this group had a large measure of effective power under the governments of Chautemps, Daladier, and Reynaud; and the same group was able to keep its seat and retain effective control throughout the People's Front period. The policies of the group then as now were internal reaction plus collaboration with the Fascist powers.

The great French private banks have for many years played a leading (although invisible) part in the business and politics of France. In recent years the operations of these banks have reflected the decline of France to a secondary position in world affairs. Thus not only were the French banks centers of political intrigue in France, but they also tended to become instruments for the domination of French industry and French politics by the great international trusts and for various agencies of foreign governments. Lazard, for instance, seems to have been of major assistance in promoting the flight of capital from France from 1936 on.

It is a safe assumption that the Worms group must have German support - otherwise it would not be able to resist the attacks of rival and enemy groups. The question naturally arises, Why should the Germans give their support to this particular group of "international Jewish bankers"? The great majority of French bankers and industrialists have for many years favored collaboration with the Nazis. The Germans can take their pick among would-be collaborationist groups.

The answer is probably that the Germans hope to make some use of the extensive connections of the Worms group in the Far East, in Britain, in North America, and in Latin America. They

may hope to make use of Worms connections for purposes of political intrigue, espionage, or worse; for the purpose of evading Allied exchange restrictions; perhaps they hope to make use of these contacts in smuggling a certain amount of valuable materials past the Allied blockade.

The political technique of the Worms group seems to be that of back-room intrigue and influence through control of financial and industrial interests rather than the establishment of a definite political party.

The personal and business connections described below may be of interest to those responsible for exposing and defeating Axis intrigues against us.

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BIOGRAPHY

Hypolite Worms is the head of the house of Worms and Co., established in 1848.* He is the family heir and descendent of the founders, Jewish converts to Catholicism. M. Hypolite Worms is also a director of the Societe francaise d'entreprises de dragages et de travaux publics. This firm, headed by M. Paul Baudoin, has its main interests in Indo-China and West Africa. In view of the extreme importance of family relationships in French finance and industry, it should be mentioned that Hypolite Worms married a member of the Morgan family.

Michel Goudchaux, partner of Worms, of Jewish origin, did not take a very active part in politics. We believe that Goudchaux has been gotten rid of by Worms.

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* The Banque Worms group under discussion should not be confused with the Banque A. Worms et Cie., also a private bank, 26, Rue Grange-Bateliere. M. Edouard-Raphael Worms of the Banque A. Worms et Cie., has been director of the following enterprises (1937): Mineries d'Extreme-Orient; Mineries indochinoises; Societe des grands travaux en beton; Societe commerciale francaise de l'Indochine. At this period, he was also president of the Grande Maison de blanc de Paris. A. Worms et Cie. also controlled the Paris daily Petit Bleu.

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Jacques Barnaud, partner of Worms, is a former Inspecteur des Finances, a director of Air-France, director of the Compagnie lyonnaise des eaux et eclairage and the representative of Worms et Cie. in matters concerning the Royal Dutch Shell. At present he is Minister of Franco-German Economic Collaboration. Barnaud is thought to be the mainspring of the Worms group and its principal liaison man.

Yves Bonthillier, at present Minister of Finance, was Chef de cabinet of the ministers Francois Pietri and Germain-Martin (1931 & 1932). He also served under Georges Bonnet. He was director of the budget in 1938 and is supposed to have been the moving power behind Laval's financial decree-laws. He also served on the board of the Compagnie générale transatlantique.

Paul Baudoin - Former inspecteur des Finances. He represented the Bank of Indo-China, of which he was general manager, on the board of Air-France and was thus an associate of Jacques Barnaud. As president of the Societe francaise d'entreprises de dragages et de travaux publics (noted above), his association with the firm of Worms et Cie. is shown to be rather close. Baudoin's interests in colonial enterprises, besides those in Indo-China, are very extensive. He was secretary of the Comite de Guerre under Reynaud and was appointed Minister of Foreign Affairs by Petain after the armistice.

Pierre Pucheu - Former secretary of the Cartel siderurgique (the Steel Trust) and director of Japy Steel. He was Minister of Production and then appointed as Minister of the Interior under Petain. It is probable that he was mixed up in the Cagoulard plot of 1937.

Francois Lehideux - He is the son of Jacques Lehideux of the banking firm of Lehideux et Cie. He is related by marriage to Louis Renault, the French automobile manufacturer, but the exact relationship cannot be stated with certainty.

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Yves Briart de Boisanger - Director of the Compagnie Generale Transatlantique; Under-Governor of the Bank of France from 1937 to 1939; has been Governor since the fall of France.

Henri de Peyerimhoff de Fontenelle - He is a leading French industrialist of the Union des mines, Comite des houillieres, etc. Colonial enterprises in which he is known to have an interest include: La Societe generale des mines d'Algerie et de Tunisie; La Compagnie de Constantine; La Societe Algerienne de navigation pour l'Afrique du Nord, and La Societe Constantinoise d' energie electrique. De Peyerimhoff is also on the board of Credit National as is Roger Lehideux of Lehideux et Cie., Credit Lyonnais, Banque de Paris et de Pays Bas; the uncle of Francois Lehideux of the Banque Worms group.

Gabriel LeMor-Leburie - A director of Banque Worms. He is reputed to be a personal friend of the Comte de Paris and wields great influence through other connections of this type.

M. Gillet - This is probably Charles Gillet, the millionaire industrialist of Lyon; on the board of Credit Lyonnais. However, it is just possible the Gillet referred to is Pierre Gillet, not related to the Gillet family of Lyon, of the Ecole polytechnique. The latter has heavy interests in building materials but probably is a cover-up man for interests of persons desiring to remain in the background.

Henri du Moulin de la Barthète - Former Inspecteur des Finances. He was manager of Banque de l'Afrique Occidentale. De la Barthete is related by marriage to the Lehideux family.

René Belin was a prominent leader of the Confederation Général du Travail during the period of the People's Front. He was known for his appeasement views and for his extreme hostility to the Communists.